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A Study of the Older Worker Problem



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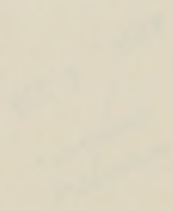
# How OLD is OLD?

A Study of the Older Worker Problem

NATIONAL EMPLOYMENT SERVICE

How old is old?

A STORY BY THE LATE ROBERT BROWN



NATIONAL EMPLOYMENT SERVICE

ROGER DUHAMEL, F.R.S.C., QUEEN'S PRINTER  
OTTAWA, CANADA, 1965

Cat. No. LU2-1565





## NATIONAL EMPLOYMENT SERVICE

### Foreword

National Employment Service offices across Canada report a gradually growing recognition by management of the employment value of older workers.

There is good reason for this.

Because of their specialized experience, mature workers often turn out a better quality product—which in turn means bigger profits for the firm that employs them.


In terms of dollars and cents, therefore, the hiring or retention of qualified older workers in your organization is a practical and wise investment.

Also to be remembered is the valuable contribution that older employees make, through the purchasing power of their earnings, to the economy of Canada.

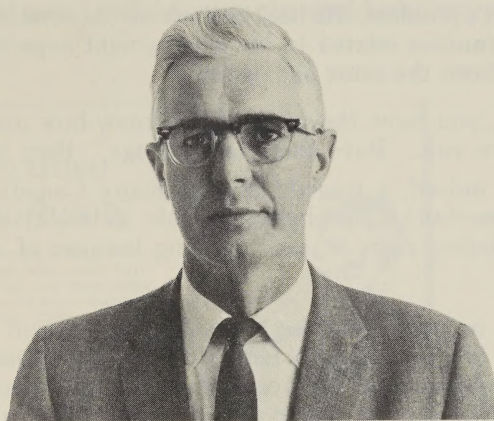
In asking you, therefore, to give consideration to the employment of older men and women capable of performing an efficient job, the National Employment Service does so not so much for humanitarian reasons — they do not want sympathy — but because it makes sound business sense.

If NES can be of any assistance to you in your hiring arrangements, or if you need more detailed information respecting pension plans in relation to the older worker, please do not hesitate to call upon your local office.

The National Employment Service is dedicated to serve you.



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### **The Older Worker—A Problem for Society**

He has thick, dark hair, tinged with gray at the temples, and large brown eyes that twinkle humorously behind bi-focal glasses. His voice is cultured and pleasing, and he appears to be quite well dressed.

You imagine him to be a successful banker or lawyer until you notice the worn, shiny spots on his elbows, the recently patched pocket and the frayed shirt cuffs. Despite these evidences of long usage, however, the suit is neatly pressed, the shirt is freshly laundered, the tie is in good taste, and the shoes, although getting rather down-at-heel, are smartly polished.

He will tell you that it's very important for him to appear well groomed. You see, he's looking for a job.

This is his story.

For over twenty years he held an important managerial position with a well-known transportation company. Then, about a year ago, the business was sold to a large utility corporation and, because of new personnel policies, he was released. He's been unemployed ever since.

But surely, you say, a man with all his qualifications and years of experience ought not to find it difficult to secure another position.

That's what he thought—at first. Now he knows differently. The obstacle? He's too old. At least, that's what employers tell him. His age? A youthful fifty-two.



The National Employment Service has taken a keen interest in this man's problem. He has been referred to several prospective job opportunities related to his employment experience, but so far it has been the same old excuse.

"Yes, you have the professional know-how and we would like to hire you. But—there is your age," they tell him.

It is, indeed, a tragedy that so many Canadian men and women, mentally and physically able to work, are deprived of the inherent right to earn a living because of age discrimination.

Since its inception, the National Employment Service has sought to break down this barrier. For several years an Older Workers program has been carried on to assist labour, management and the general public toward a solution to the problem.

The following pages contain reports of exhaustive studies made of the chief obstacles to the greater employment of older men and women. There are, also, examples of the successes that have been achieved so far. To continue and enlarge upon these successes, however, the co-operation of all levels of society is required. This applies particularly to employers, who may find in these pages new answers to the question of whether or not they can profitably employ older workers.

### **The Barrier is Prejudice**

Generations ago, when Canada was a pioneer country, the aged were of limited value to the community. Only youth could survive.

In those days, of course, people were considered old at 40 (life expectancy in 1900 was only 46) and at 50 they were often regarded as deadwood, useless both to themselves and to their families. In fact, it was sometimes a relief to the surviving relatives when they were finally laid to rest in the village churchyard.

Today, we have a more tolerant and humane attitude toward the old folk, particularly in the field of social assistance, which provides free medical care and hospitalization to those in need, as well as old age pensions as a matter of right at the age of seventy.

This transition in the treatment of our senior citizens, however, did not develop overnight. It has been a long, slow metamorphosis and there are still many prejudices which have



yet to be broken down before we can say conscientiously that our social and moral obligations to the aged have been completely fulfilled.



One of the greatest barriers facing older people is that it is the policy of many employers to refuse to hire persons in the older age group regardless of whether or not they are capable of doing an efficient job. Other employers follow the rigid practice of forcing employees to retire when reaching a certain age even if they are still capable and productive workers.

These employment barriers sometimes apply not only to applicants 60 years and over, but also to those in the 40-plus age group. In some cases, even men and women as young as 35 have been rejected as being "too old".

The belief held by many employers that when a worker has passed the age of 40 he is no longer able to maintain production standards is a fallacy. Statistics prove that the mature employee, when placed in the right job, can perform just as efficiently as the younger worker. Actually, it is an indictment against our social system that workers in the 40-plus group should be deprived of gainful employment, regardless of ability and job qualifications, simply because of age reasons.



Yet how many employers who have restrictive practices against the hiring of older workers, engage the services of the fledgling doctor, dentist or lawyer who has just hung out his shingle? Very few. The majority prefer the hoary head of the mature man for the reason that it represents experience, judgment and wisdom. And they have no objection to paying the higher fee usually charged by the older and more experienced professional worker.

Skill is not built overnight nor is judgment developed after a few years of college studies. Know-how and experience are invaluable assets that the older worker brings to any enterprise—in industry as well as in the professional fields.

In its educational program on behalf of older workers, Canada's National Employment Service is concerned only with those applicants who have the necessary qualifications and who are physically and mentally equipped to meet an employer's specific job requirements. Its objectives are practical. We believe that the mature, trained and experienced worker, when suitably employed, makes a valuable contribution to the productivity of our nation. We believe, too, that the employer who takes advantage of the professional, business and technical skills of the older worker is making a wise financial investment on behalf of his organization—an investment that pays rich dividends.

## **Pension Plans Are Not A Serious Obstacle**

There are encouraging indications that many of the antiquated prejudices respecting the hiring of older workers are gradually giving way to a much better understanding of the issues involved. However, certain obstacles still remain, and of these the one most persistently cited by management is the employee pension plan.

It cannot be denied, of course, that some types of pension schemes do present difficulties affecting the employment of older workers. Nevertheless, when viewed in their proper perspective, they are not as serious as they might at first appear.

The following questions and answers are designed to provide useful information to employers, unions and others who are interested in the matter of providing employment for Canada's senior citizens. They are based upon a recent report on pension plans prepared for a government Interdepartmental Committee on Older Workers.

*EMPLOYER* What are the principal reasons for the effect of age on the cost of providing pension plans?

*ANSWER* The first and most obvious reason is that contributions on behalf of an older worker will be paid in a fewer number of years than those paid on behalf of a younger employee. Then we must realize that the older worker, because of his shorter period of service, acquires a smaller interest on his contributions. The third reason is that his expectation of receiving the pension is greater.

*EMPLOYER* How much more will it cost me to provide a pension for an older worker?

*ANSWER* It all depends upon the type of pension plan you have. There are many different types. For our immediate purposes, however, there are two main classifications, one of which is the "money purchase" plan and the other the "unit benefit plan". It is only in the "unit benefit" plan that it costs an employer more to employ an older worker.

*EMPLOYER* I would like more information about these two types. First, what is the unit benefit plan?

*ANSWER* Under the terms of the unit benefit plan the worker contributes a specified percentage of his



earnings but the employer's contribution is not stated. The amount of pension to which the worker will be entitled at retirement builds up with each year of service.

*EMPLOYER* As I see it then, the employer has to pay the difference between the cost of the unit of the pension and the employee's contribution. This in turn means a higher payment for those workers in the older age group. Am I correct?

*ANSWER* Yes. Actually, however, the higher payments involved are not quite so important as they may appear. In fact, where a limited number of older workers are hired, the increase in costs, in relation to the firm's total pension costs, is likely to be almost insignificant. Another factor to be considered is that older workers tend to give better concentration to the job, have less absenteeism, and often turn out a better quality product. All these factors are definitely to the employer's financial advantage.

*EMPLOYER* Now tell me about the money purchase pension plan. I understand that, as opposed to the unit benefit plan, it costs the employer no more for the older entrant into employment than the younger one. Is that correct?

*ANSWER* Yes, that is correct. Under the money purchase type of pension plan, the employer and the employee each contribute a percentage of the employee's salary or earnings. These percentages remain fixed and do not increase with the worker's age.

*EMPLOYER* Except that, as I see it, the older entrant to employment will have fewer years to build up his contributions, therefore, his pension when he reaches retirement wouldn't be very large. A company might be criticized for letting an older employee go on a small pension.

*ANSWER* There are several ways of meeting this difficulty. The most obvious suggestion, of course, is that the employer should encourage older recruits to make additional voluntary contributions to the pension fund, so that they can build up larger pension rights. Another solution would be the retention of the employee, provided he is still



mentally and physically capable of doing an efficient job, until he reaches the age when his pension could be augmented with the federal government's old age pension.

*EMPLOYER* I would like very much to do that in our organization. But our pension plans won't permit us to retain any worker over the age of 65.

*ANSWER* Are you quite sure about that? Admittedly, most pension schemes do specify what is called a "normal" retirement age. But there is nothing in the original nature of the plan which makes retirement compulsory at that age. However, sometimes compulsory age retirement clauses are written into pension contracts for the reason that it provides a convenient excuse for denying employment to older workers.

*EMPLOYER* Where such a clause exists, can the employer have it removed?

*ANSWER* When retirement at a certain age is compulsory, it is usually a matter of personnel policy, not of pension planning. Consequently, the employer has just as much power to remove the clause as to insert it.

*EMPLOYER* I could find room in our organization for a few older women employees, but have not done so because I understood it costs more to provide a pension for a female employee than it does for a male employee. Why is that?

*ANSWER* The reason is that women have a longer life expectancy than men. Consequently, a super-annuated female employee is more likely to receive the pension for a longer period than the retired male employee. However, in most plans, the amount of pension is related to salary and length of service, and as the salaries of female employees are usually lower than those for male employees, and they tend to retire earlier, the higher cost of pensions for female employees is practically negligible.

*EMPLOYER* From what you have told me, then, there is really nothing inherent in the nature of any pension plan which makes it impossible for an employer to hire or retain middle-aged and

older workers, either male or female.

ANSWER

If the employer is sincerely desirous of adopting a more equitable policy towards the older worker, he will not let any real or imagined road-blocks stand in his way. And where restrictive clauses do appear in his pension plans, he will take steps to remove them. We understand that in Great Britain an increasing number of employers are making arrangements with their insurance companies for modification to their pension schemes, in order to facilitate the hiring of older workers and to encourage their continued employment. We hope Canadian employers will follow this example. It is definitely in their own financial interest, and in the interest of our national economy to do so.

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*Because of limited space, it is not possible to explain here in detail the report on pension plans prepared for the Interdepartmental Committee on Older Workers. Copies may be obtained, however, on request by writing to the National Employment Service, Head Office, Ottawa.*

### **Federal Government Sets Example**

A question frequently asked by employers when requested by the National Employment Service to give consideration to the hiring of qualified, older workers is: "Does the Government of Canada practice what it preaches?"

The answer is a definite "YES".

For example, except for a very few classifications, there are now no longer any age restrictions on job opportunities in the Federal Civil Service. This applies to both male and female applicants.

The only exceptions are those for university graduates undergoing career training, and for persons where the nature of their work dictates an age limit—such as firefighters who

must essentially meet a medical test for stamina and physical endurance.

Apart from these two groups, age in itself is no barrier to employment with the Federal Civil Service.

The Canadian Government also sets an example in its Public Service Superannuation Act, which compares most favourably with the best pension plans ever developed, either in this or any other country.

One very important feature of the Act is that it has no fixed retirement age.

For instance, a civil servant may, if he wishes, retire as early as sixty with an immediate annuity.

In most cases, however, he continues to be employed until he reaches the age of sixty-five, at which time he may be retained beyond that age if the deputy head of his department so recommends.

Under the Superannuation Act, the rate of contribution is six and one half per cent of salary for men, and five per cent for women. To this, the Government adds an equal amount. Annual amount of the pension is two per cent of the employee's average salary over a period of six consecutive years in which his or her salary was highest, multiplied by the number of years service. The maximum is 35 years of contribution, or 70 per cent of his salary.

A point of special interest is that even though an employee has reached the maximum of 35 years of contribution, he does not necessarily have to retire and may, as mentioned above, be retained in the service beyond the normal retirement age of 65 years.

Further evidence of the Government's desire to encourage employment for older workers within the public service is the extension of its superannuation plan to cover casual workers (both men and women) who have completed a total of twelve months' efficient service. Moreover, in the selection of casual employees, the Government gives special consideration to the older worker, provided he or she possesses the necessary qualifications for the specific job.

This flexibility of the Federal Government's policy respecting both the hiring and retention in employment of Canada's senior citizens within the public service, is based on long and proven experience that qualified older workers—when performing the job for which they are suited—are a valuable acquisition to any organization.

## What The National Employment Service Is Doing

Age in itself is no criterion of efficiency.

That's the philosophy of the National Employment Service in its continuing program of seeking suitable job opportunities for older workers.

What is an "older" worker?

A person is an older worker only when he or she encounters, or may expect to encounter, difficulty in obtaining or keeping a job principally because of reasons of age.

At the outset, therefore, it should be made quite clear that, in seeking the co-operation of employers in providing job opportunities for older workers, the National Employment Service concentrates on job applicants who are physically and mentally able to earn their pay and who, through their experience and skills, will prove themselves a profitable investment to the firm which employs them.



In most local offices of the National Employment Service a free counselling service is available for all persons who may be experiencing difficulty in finding employment because of age or other reasons. This counselling is conducted by qualified employment officers who assess the applicant's work experience, ability and interests in relation to the employment market.



The middle-aged or mature applicant with a special skill, trade or profession, however, and who is in reasonably good health, usually does not require this special service, and he or she is dealt with in the normal way by the local office.

In its efforts to create an increased acceptance of mature workers in business and industry, the National Employment Service has co-operated with other Federal Government departments in an older workers program. It also maintains, through its 200 local National Employment Offices across Canada, a very close liaison with provincial and municipal governments, as well as with community organizations.

The objective of these efforts is to integrate into Canada's labour force all those middle-aged and older workers who have the need, the capacity and the will to work. Results to date reveal a gradually growing public awareness of the employment problems of older workers and a greater willingness among employers to hire them in the specific jobs for which they have been trained.

Comments received by the National Employment Service from satisfied employers respecting the job performance of workers in the older age group have been most encouraging. The following are a few of the many favorable attributes of the mature employee cited by personnel departments which have had experience in the hiring of mature men and women:

- They have the stability that comes with maturity.
- They do not waste time on the job.
- They have a definite desire to work.
- They have a sense of responsibility and are loyal to their job and their employer.
- They generally have steadier work habits.
- They usually require less supervision.
- They are less distracted by outside influences, consequently they are capable of greater concentration on the job.

In view of all these facts, therefore, the National Employment Service feels that it has a sound case in advocating the hiring of mature, qualified workers. Your local National Employment Office will be happy to assist you in your employment plans, and you can rest assured that only the right man, or woman, will be referred.



### Case Histories From NES Files

*A large Canadian* casualty insurance company had for many years followed a rigid employment policy which barred the hiring of workers over 45 years of age.

One of the results of this "accent on youth" policy, was the problem of keeping staff in its stationery stock department. Very few of the young employees showed any real enthusiasm for the job, and those who did—as soon as they felt they had achieved a certain degree of efficiency—resigned to seek employment elsewhere.

Finally, the company (which had been doing its own hiring) enlisted the aid of the National Employment Service, which suggested that perhaps it might like to give consideration to accepting older persons. At first, management objected, stating that its pension plans would not permit the hiring of anyone in the 45-plus age group.

However, after the National Employment Service had pointed out the many advantages that older workers could offer—maturity, stability and a conscientious devotion to the job—the company agreed to accept an older man on a trial basis.

Evidence that this older worker proved himself completely satisfactory is shown in the fact that today close to 20 per cent of the company's total staff are men and women over 60 years of age, and of these, several are over the age of 70.

A significant feature is that all of these older employees have been hired during the past five years.

Also significant is the fact that the company raised the age eligibility for participation in its pension scheme from 45 to 50 years.

In addition, employees up to the age of 55 can participate in the company's group life insurance plan, and all staff members, regardless of age, are covered by a comprehensive medical and surgical plan. Another inducement is that the company pays the full cost of the employee's provincial hospital plan.

Still another very important feature is the fact that every employee on the company's payroll—whether he or she is under 20 or over 65—is eligible for promotion and salary increases.

"Admittedly, it costs us a little more to provide insurance coverage for older workers, but this is more than compensated for by their dependability, loyalty and excellent production records," the company's personnel manager told a National Employment Service representative recently.

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***The National Employment Service*** receives many applications from older persons seeking employment who, although physically and mentally capable of employment, have had little previous job experience. Such persons are almost always referred to a special services officer for counselling and guidance.

This case concerns a housewife, 53 years of age, who needed a job pretty badly in order to help support her invalid husband. Her only work experience was housekeeping and, during the fishing season, acting as a paid tourist guide in Northern Ontario.

The special services officer was successful in placing her as a housekeeper in a large hotel.

Later, the officer mentioned her case to the editor of a well-known sports magazine, who induced her to write an article on her experiences in the North Country. Her story was so descriptively written that the Department of Fisheries became interested and asked her to represent them in a display booth at the Canadian National Exhibition in Toronto. She did such an outstanding job that the department engaged her at a good salary to tour the United States and publicize Canada's fishing resorts to American sportsmen.

That was several years ago, and the department reports that she is still with them and, continuing to do an excellent job on behalf of the tourist industry.

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***This is a story*** of a man who started an entirely new job when he was 60, and became one of his firm's best employees.

Three years ago, however, he was a most discouraged person. He had been retired from the hairdressing business after 40 years of experience, and he was beginning to believe that his life of usefulness was over.

The new horizon came when he applied for a job at the local National Employment Office. Here a specialist in employment talked to him and discovered that, during his military service, he had held the rank of a quartermaster. He was then asked if he could adapt himself to office work. When he replied that he could, he was referred to a job as mail and stockroom clerk for a large automobile manufacturing company.



He was accepted by the personnel manager, and today he is regarded as one of the company's best workers.

His job, however, has not diminished his enthusiasm for other activities. He takes a keen interest in community affairs and, in recent years, has become quite a proficient painter, specializing in landscapes.

This grandfather, now 63 years of age, proves conclusively the contention of the National Employment Service that the older worker, when placed in the right job, can be just as valuable to his employer as the younger man.

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***This case concerns*** a superannuated stenographer, age 64, who desired employment to supplement her small pension. Despite her age, she was in very good health and, because of her many years of experience with a financial firm, the National Employment Service referred her to an insurance company as a typist.



She was accepted on the strict condition that she would receive no salary increases or promotions.

That was two years ago. She has since been promoted to become head of her department and has received three increases in salary.

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***This applicant***, a former salesman, had been away from employment for some time because of health reasons. When he finally felt well enough to go back to work, he reported to the National Employment Service. When interviewed, he was extremely worried over what he felt would be difficulty in getting a job because of his age. He was 47.

The applicant was referred to a special services officer for job-counselling, and during the interview it was discovered that he possessed a very good knowledge of land values.

The NES representative telephoned the Land Appraisal division of a large Public Utility Corporation and suggested that the applicant be given an opportunity for employment.

An interview was arranged, and the man was hired at a starting salary of \$90 per week.

About six months later he came back to see the special services officer and proudly announced that he had been promoted and that he was now receiving \$125 per week, plus expenses.

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***The National Employment Service*** referred an applicant for employment, 72 years of age, as a mail computations clerk with a local insurance brokerage firm. He did such a good job that the firm kept him on until his retirement at the age of 79.

An interesting feature of this story is that, prior to his being hired, the company had a rigid employment policy which prevented the acceptance of workers over the age of 50.

Six months after hiring the first older worker, the company placed an order for five other workers in the older-age group, and has continued to provide job opportunities for older workers ever since.

Of further interest is the fact that another insurance firm mentioned to the personnel manager of the first firm that he was experiencing difficulty in keeping younger men on his staff. Learning of the success achieved by the first firm in the employment of older workers, the second firm approached the National

Employment Service and since then has also continued to accept older men.

Incidentally, the first older worker hired—age 72—was for many years a member of the staff's bowling team.

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*A retired manufacturing jeweler*, age 80, tired of an inactive life, applied to the National Employment Service for a job. He was quite prepared to "lower his sights" respecting position and salary, and was placed as a messenger with a small manufacturing company.

At the end of his first day's employment, he complained that he hadn't enough work to do, so he was transferred to the job of operating a light punch press. He is now kept busy all day and his employer reports that he is more than satisfied with his production record.





